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SUBJECT: NICARAGUA: USTDA SIGNS GRANTS WITH NATIONAL PORTS
AND AIRPORTS COMPANIES

REF: STATE 140180

¶1. (U) Summary: USTDA Director for Policy and Programs Geoff Jackson signed two grants for feasibility studies with Nicaraguan entities in Managua on August 29. The first was with the National Ports Company to fund a \$430,000 feasibility study on expanding cargo handling facilities and improving security at the Port of Corinto. The second was with the International Airports Company to fund a \$324,000 feasibility study on designing and constructing a new cargo terminal at Managua International Airport. Vice President Alfredo Gomez spoke at the airports signing ceremony along with the DCM, both of whom emphasized the growing economic partnership between our two countries under CAFTA. End Summary.

¶2. (U) USTDA Director Geoff Jackson and Country Manager Kate Maloney visited Managua on August 27-30 to finish negotiating two grant agreements for feasibility studies related to the expansion of cargo handling capability at the Port of Corinto, the nation's largest port, and Managua International Airport, the nation's largest airport. Negotiations were consummated with successful signing ceremonies on August 29, both of which received generous press coverage. Speakers emphasized the value of the growing bilateral and economic relationship between Nicaragua and the United States under CAFTA.

¶3. (U) National Ports Board Chairman Alejandro Fiallos used his meeting with Director Jackson on August 28 to also press for technical assistance in developing legislation that would enable the ports company to operate more like a commercial entity. Currently, no specific law applies to the ports company, leaving Fiallos to wrestle with general government procurement law and limitations on funding sources. He would like his state enterprise to be able to take on financing, enter into joint ventures with private sector companies, and grant commercial concessions. Jackson agreed to look into the possibility of providing technical assistance in this area.

¶4. (U) On August 29, Fiallos and Jackson signed a grant agreement to fund a \$430,000 feasibility study that would recommend alternatives for expanding cargo handling capability at the port of Corinto. The event attracted the press, and received extensive coverage in local television news and newspapers.

¶5. (U) With a legal framework in place, the National Airports Company can operate more freely than the ports company. Board Chairman Lacayo Rappacioli, runs the company along commercial lines and this freedom has allowed him to expand and improve airport facilities. His latest project is to lengthen Managua International Airport's runway another 800 meters to give comfort to fuel laden jumbo aircraft requiring longer runways for takeoff, and to secure airport operations

in case an earthquake ruptures an existing fault a third of the way along the runway. Airports Executive Director Alfredo Chamorro is anxious to get started on a new cargo terminal at Managua International, the primary object of USTDA's feasibility study. The study will recommend construction, equipment, and financing alternatives. Also included in USTDA's study will be recommendations for a modern runway lighting system and equipment to improve security.

¶5. (U) The signing ceremony for the \$324,000 grant took place at the proposed site of the new cargo terminal. The event was well attended and well covered by the press. Vice President Alfredo Gomez and the DCM signed the grant as witnesses, and spoke to an audience of about 70 people. Both emphasized the growing economic partnership between our two countries under CAFTA. Other attendees included the Minister of Transportation, Secretaries General for the Departments of Finance and Trade, Vice Minister of Defense, high level customs officials as well as representatives from the private sector.

¶6. (U) In other meetings with Nicaraguan authorities and the InterAmerican Development Bank, Director Jackson introduced USTDA and discussed the prospect of various feasibility studies for power generation as well as technical assistance in the areas of power sector regulation and small business networking.

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